weekly economic review

August 16, 2013

Alberta Population Projection

Immigration to drive population growth

Alberta's population is expected to grow from just under four million this year to over six million by 2041, according to the latest medium-growth scenario released today by Alberta Treasury Board and Finance. Net migration is projected to account for 67.8% of total population growth, with 1.4 million people arriving from outside the province over this period. Roughly three-quarters of these net migrants are expected to come from outside of Canada. For more details, see Alberta Treasury Board and Finance's: *Alberta Population Projection.*

Resale Housing Market

Alberta firmly in sellers' market territory

July sales of existing homes rose 0.7% from June, and were up 9.2% from the same month a year ago. The jump in sales coupled with a decline in listings pushed the sales-to-new listings ratio up to 0.66, the highest level in over three years (a ratio above 0.60 indicates sellers' market conditions). The Southern Alberta floods, which resulted in extensive damage to homes, likely impacted the resale numbers for the second straight month. The average price for a resale home in Alberta was $377,059 in July, up 4.4% from July 2012. This increase was largely due to a 6.8% price gain in Calgary.

At the national level, sales increased 2.9% on a year-over-year basis, the second straight month of gains following eleven months of declines. The average price for a resale home jumped 8.2% year-over-year to $384,453.

Contact:

Alexander Gainer 780.638.3238

Manufacturing Shipments

Shipments post small gain over last year

In June, Alberta manufacturing shipments held steady at May's levels, but were up a modest 2.7% over the same month last year. Petroleum & coal shipments surged 23.5% year-over-year, largely due refineries coming back online after outages over the previous two months. Chemical manufacturing also continued to perform well, with shipments growing by 33.4% compared to June 2012. Overall gains were held back by fabricated metals and machinery, which continued to decline over last year's levels.

Canadian manufacturing shipments decreased 3.7% year-over-year, with durable goods dropping 7.4% compared to last year.

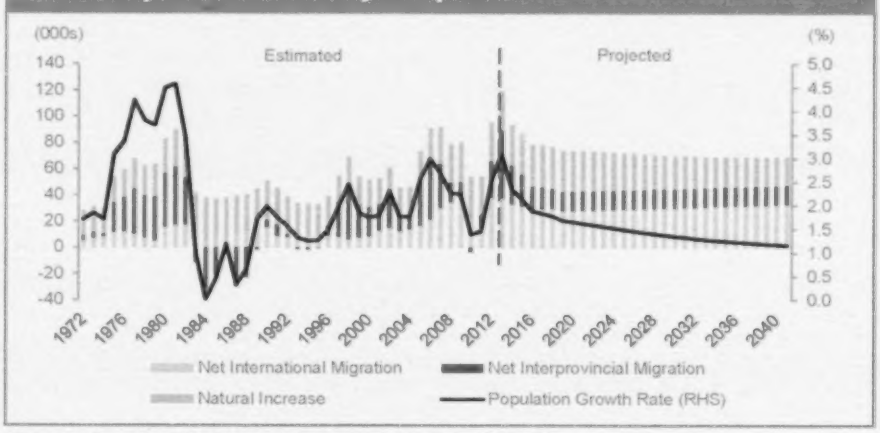
Construction Costs

Construction cost inflation moderates

Non-residential construction costs in Alberta continued to rise in the second quarter of 2013, but at a slower pace. Growth in the cost index (average of Calgary and Edmonton) decelerated to 0.9% year-over-year growth, down from 1.4% in the first quarter. Industrial construction costs noted the largest increase (1.6%), while costs in commercial (1.0%) and institutional (0.5%) were more restrained. Non-residential construction cost growth has now slowed for five straight quarters.

The apartment building construction price index, also grew slightly over the second quarter (+1.0%) from the same time last year.

Alberta Population Growth by Component*



Source: Statistics Canada, Alberta Treasury Board and Finance
* Medium-Growth Scenario Projection

Closing Price	August 8, 2013	August 15, 2013	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	96.64	96.71	97.23
WTI Oil ($US/bbl)	103.40	107.33	97.92
NYMEX Natural Gas($US/MMBtu)	3.30	3.42	3.85

Alberta Economic Indicators

Population	2011	2012	2013YTD	Feb	Mar	Apr	May	June	July
Population (000's)	3,778	3,874	3,965			3,965			
y/y % change	1.5	2.5	3.0			3.2			
Net Interprovincial Migration[1]	8,443	28,170	38,886			13,438			
Net International Migration[1]	16,703	37,990	30,779			13,674			
Net Non-permanent Residents[1]	-7,604	9,721	9,762			6,949			
Labour Market									
Employment (000's), SA	2,094	2,150	2,189	2,179	2,168	2,183	2,201	2,201	2,217
y/y % change	3.8	2.7	2.3	2.5	1.7	1.9	2.3	2.6	3.0
Unemployment Rate (%), SA	5.5	4.6	4.6	4.5	4.8	4.4	4.8	5.0	4.5
Participation Rate (%), SA	79.7	73.4	72.9	72.9	72.6	72.5	73.3	73.1	73.0
Average Weekly Earnings ($), SA	1,035.75	1,072.98	1,099.04	1,099.51	1,098.08	1,099.83	1,113.94	--	--
y/y % change	4.4	3.6	3.9	4.5	3.4	3.5	4.9		
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	1.2	0.9	1.2	1.3	2.3	2.3	--
Excluding food and energy	0.8	1.3	1.2	1.4	1.2	0.9	1.1	1.6	--
NEW: Non-Res. Building Const. Price Index[2] (y/y % change)	3.4	3.8	1.1	--	1.4	--	--	0.9	--
Farm Product Price Index (y/y % change)	17.7	6.4	4.6	5.2	4.4	--	--	--	--
Crops	18.7	6.5	9.3	9.8	9.3	--	--	--	--
Livestock	16.9	6.2	0.2	1.1	-0.1	--	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	25.7	33.4	36.5	35.4	35.1	39.8	42.4	37.9	33.6
y/y % change	-5.1	29.9	9.2	10.9	-1.0	0.3	26.4	12.3	1.2
New Housing Price Index[3] (y/y % change)	0.4	1.3	2.5	2.6	2.4	2.5	2.7	2.9	--
Edmonton	0.9	0.9	0.8	1.0	0.6	0.4	0.2	0.6	--
Calgary	0.1	1.7	4.5	4.3	4.3	4.7	5.3	5.3	--
NEW: MLS Average Resale Prices ($ 000's)	352.7	362.6	376.0	376.6	378.0	375.8	375.6	376.5	377.1
y/y % change	0.5	2.6	4.6	5.2	5.8	4.0	2.9	4.4	4.4
Edmonton ($ 000's)	324.2	332.7	340.9	340.8	342.3	345.3	339.6	344.7	340.0
y/y % change	0.7	2.6	2.7	1.3	3.3	4.7	1.1	3.7	2.8
Calgary ($ 000's)	401.9	410.8	432.1	436.0	435.2	425.4	424.8	431.0	438.3
y/y % change	1.1	2.2	6.1	8.0	7.6	3.5	2.6	5.3	6.8
Retail Sales, SA (y/y % change)	6.8	6.9	6.6	7.7	5.4	7.3	7.9	--	--
NEW: New Motor Vehicle Sales (y/y % change)	9.6	10.5	6.6	6.5	0.1	19.7	7.0	3.4	--
Consumer Bankruptcies	7029	5759	1751	412	429	464	434	--	--
y/y % change	-13.8	-18.1	-18.2	-22.7	-24.5	-11.3	-16.7	--	--
Business Sector									
Rigs Drilling	286	250	229	422	306	115	88	115	187
y/y % change	30.4	12.6	-9.5	-8.1	9.4	18.2	0.0	-17.3	-5.7
Goods Exports, customs based (y/y % change)	18.4	1.8	2.1	2.0	0.0	-1.0	11.6	-0.5	--
Energy	19.2	2.1	2.1	3.9	-1.4	-2.4	12.3	0.4	--
Farm, Fishing and Intermediate Food	27.2	20.6	0.7	6.7	5.4	-6.4	7.1	16.0	--
Farm Cash Receipts (quarterly, y/y % change)	16.7	14.1	9.3	--	9.3	--	--	--	--
NEW: Manufacturing Shipments, SA (y/y % change)	17.3	3.4	-1.4	1.1	3.6	3.7	0.8	2.7	--
Wholesale Trade, SA (y/y % change)	14.7	10.9	2.3	6.4	2.7	-0.3	0.0	--	--
Building Permits, SA (y/y % change)	11.8	14.7	19.2	19.9	35.6	11.4	1.2	24.3	--
Residential	5.2	17.7	14.8	7.8	14.6	18.4	12.3	15.8	--
Non-residential	20.9	11.0	24.7	36.1	72.1	5.1	-12.0	36.1	--
Business Bankruptcies	264	230	51	14	12	15	11	--	--
y/y % change	-30.2	-12.9	-39.3	-44.0	-36.8	-25.0	-60.7	--	--

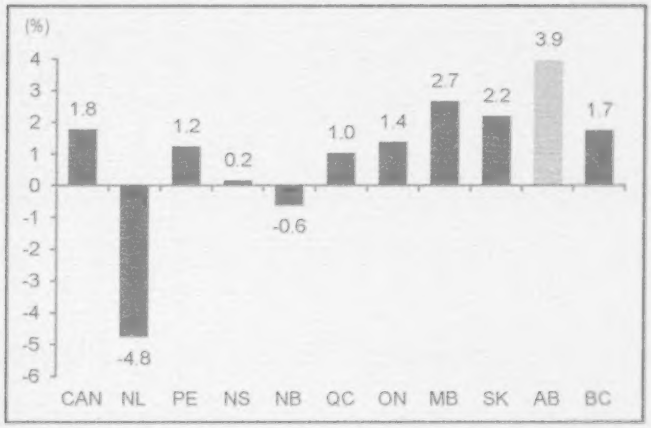
1 Quarterly, annual numbers are presented on a census year basis (July 1 – June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate

Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada)

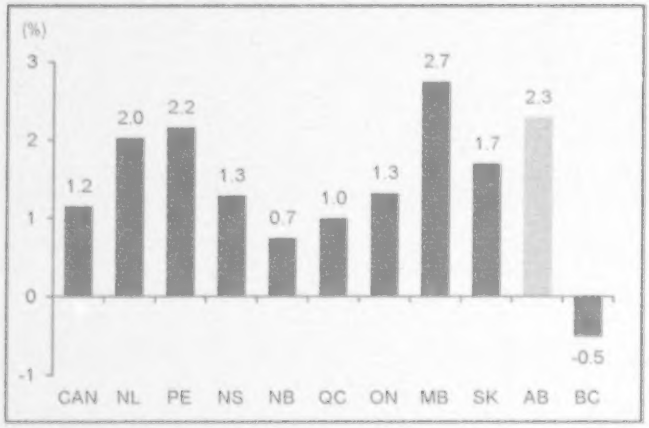
All historical data are subject to revision.

Economic Indicators by Province

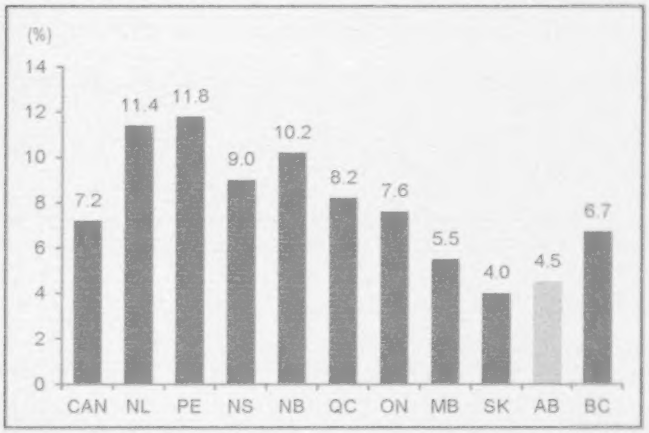
Real GDP by Industry
(2012, year-over-year growth)



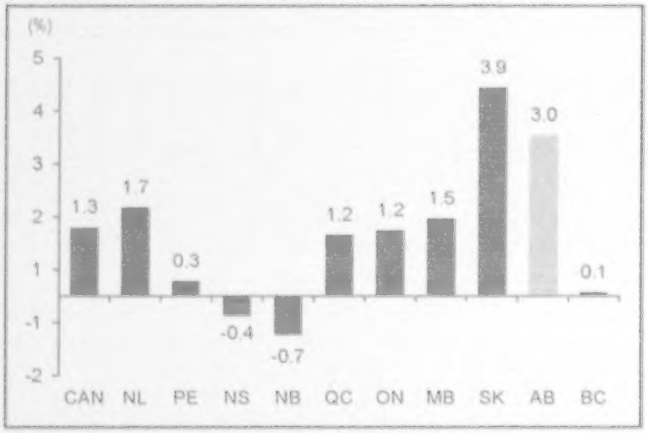
CPI Inflation
(June 2013, year-over-year growth)



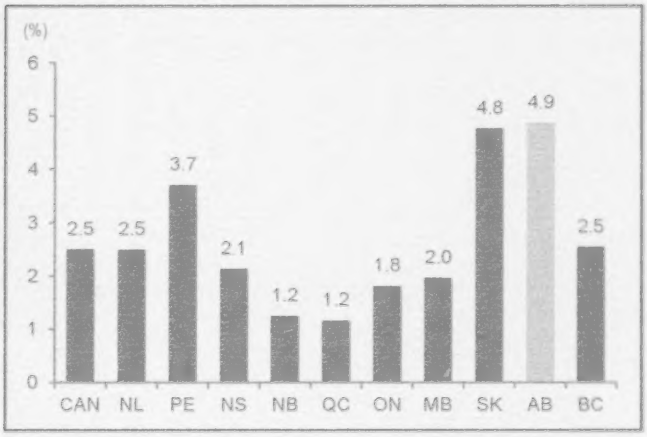
Unemployment Rate
(July 2013)



Employment
(July 2013, year-over-year growth)



Average Weekly Earnings
(May 2013, year-over-year growth)



Housing Starts
(July 2013, SAAR, year-over-year growth)